

**STATE INSURANCE & RISK MANAGEMENT BOARD**

**Minutes of Meeting No. 300**

**September 20, 2013**

**10:00 A.M.**

The Three Hundredth meeting of the State Insurance and Risk Management Board was held on Tuesday, September 20, 2013 at the Board of Regents for Higher Education, 39 Woodland Street, Hartford, CT.

Acting Chairperson Savitsky presided.

The following members were in attendance:

State Insurance & Risk Management Board

Ms. Linda R. Savitsky, Acting Chairperson  
Mr. Robert J. Broomall  
Mr. Stephen Fontana  
Mr. Daniel J. Friedman  
Mr. Wallace J. Irish  
Ms. Marjorie F.B. Lemmon  
Mr. Patrick Mahon, via phone  
Mr. Michael T. McCormack  
Ms. Martha Carlson, Deputy Comptroller

Ms. Susan M. Donatelli was unable to attend.

Mr. Seth T. Mahler, Vice Chairperson, was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Daria J. Cirish, Risk Manager  
Ms. Eileen G. McNeil

Office of the Agent of Record

Mr. John Byrnes, President  
Mr. Fred Tanguay, Vice President  
Ms. Doreen Lessard

*Approved  
Linda R. Savitsky  
December 10, 2014*

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1. Swearing in of new Board Member Michael T. McCormack

Ms. Savitsky welcomed new Board member, Mr. McCormack, and administered the oath of office.

2. Approval of the Minutes of Meeting No. 299 held on June 18, 2013 (Exhibit 2)

A motion was made by Mr. Fontana, seconded by Mr. Broomall and

VOTED: To approve the minutes of Meeting No. 299 held on June 18, 2013.

3. Reconciliation of and Review of Premium Payments, Informal Bids Processed by the Board since the Last Approval (Exhibit 3)

Mr. Tanguay reviewed the Net Payment Analysis explaining that the Board has an \$8 million deficiency due to the settlement of two Fleet claims this fiscal year. He explained that the Board is responsible for the \$4 million self-insured retention on each claim. The Board is in the process of working with the Business Office and O.P.M. to request an additional \$8 million. Ms. Savitsky will present testimony at the Deficiency Hearing.

A motion was made by Mr. Fontana, seconded by Ms. Lemmon and unanimously

VOTED: To approve the premium, deductible payments and informal bids processed by the Board since the last meeting totaling \$933,176.46 for F.Y. 2013 and \$6,420,606.03 for F.Y. 2014.

4. Votes

A) UConn – Basic Athletic Injury - Confirming (Exhibit 4A)

Mr. Tanguay explained that the NCAA provides a catastrophic policy with a \$90,000 deductible. This policy is purchased to cover the \$90,000 deductible and is reimbursed by UConn.

After reviewing the exhibit, a motion was made by Ms. Carlson, seconded by Mr. Broomall and unanimously

VOTED: To confirm the policy be renewed as outlined in Exhibit 4A, Renewal Proposal #1, for a premium of \$171,939.

4. B) CT Transit Rolling Stock - Confirming (Exhibit 4B)

Mr. Tanguay explained that this policy provides property physical damage coverage on the CT Transit buses while they are parked in garages and parking lots. This policy was extended from September 1 to October 1 to coincide with future Board meetings. Mr. Tanguay stated that the values decreased and the rate slightly increased.

A motion was made by Mr. Mahon, seconded by Mr. Fontana and unanimously

VOTED: To confirm coverage be renewed as outlined in Exhibit 4B for a premium of \$86,076.

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4. C) Master Student Malpractice – Confirming (Exhibit 4C)

Mr. Tanguay explained that this policy provides medical malpractice coverage for Allied Health students while they are in a clinical setting. Coverage was extended from August 25 to September 25 to coincide with future Board meetings.

After review of the exhibit, a motion was made by Mr. Irish, seconded by Mr. Broomall and unanimously

VOTED: To confirm the policy be renewed as outlined in Exhibit 4C for a premium of \$101,658.

4. D) DOT – Metro-North/Shore-Line East (Exhibit 4D)

Mr. Tanguay advised that Metro-North is the largest commuter rail line in the country. DOT owns the cars, tracks and stations and contracts out the management and operation to Metro-North MTA. He noted that terrorism is a huge potential exposure on this line. During the past year there was a derailment which is still not resolved. Zurich has reduced its capacity this year and is only proposing \$25 million X/S \$50 million. Lexington is only offering \$25 million X/S \$25 million.

Mr. Tanguay explained that he looked into a Quota Share Program where all participating insurance companies take a set percentage of the limit; however, this program is more costly. Mr. Tanguay also reviewed the Claim Cost Allocation which is in the Service Agreement (Page 2 of Exhibit).

After some discussion, it was moved by Mr. Irish, seconded by Mr. Broomall and unanimously

VOTED: To place coverage as outlined in Exhibit 3D for an annual premium of \$1,562,500.

4. E) CT State Library Museum (Exhibit 4E)

Mr. Tanguay advised that this policy covers approximately \$267 million of fine art values at the museum and library and this coverage is in excess of the \$25 million limits provided by the F.M. Global property policy. This is a supplemental policy purchased through Lloyds of London.

A motion was made by Mr. Mahon, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 3E for an annual premium of \$153,457.49.

4. F) Equipment Breakdown (Exhibit 4F)

Mr. Tanguay explained that the policy covers the boilers and machinery in the State's 3,500 buildings and includes the jurisdictional inspections. This is the third year of a three-year policy. After review, a motion was made by Mr. Irish, seconded by Ms. Carlson and unanimously

VOTED: To renew coverage as outlined in Exhibit 4F for an annual premium of \$255,564.

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4. G) Master Property (Exhibit 4G)

Mr. Tanguay stated that the policy covers 3,500 State buildings and contents valued at approximately \$14 billion. The highest concentration of values (\$750 million) is around the State Capitol area. F.M. Global has a \$750 million sublimit on the policy. Mr. Tanguay explained that excess wind limits were purchased a few years ago on top of F.M. Global's \$250 wind sublimit.

Mr. Tanguay also advised that values decreased by approximately \$600 million this year since the State transferred the State's airports to the Connecticut Airport Authority. He did note, however, that values will increase in the future with the new UConn Health Center BioScience project in the works.

Mr. Tanguay explained that F.M. Global is not changing in the sublimits or deductibles and is using the same values as expiring. Last year F.M. Global offered a successive renewal agreement.

After review of the exhibit, a motion was made by Mr. Mahon, seconded by Mr. Broomall and unanimously

VOTED: To renew coverage as outlined in Exhibit 4G. Property Policy renewed for an annual premium of \$4,656,124; premium for Excess Named Storm Limits \$600,000; premium for BioScience CT Builders Risk Installment \$187,200; premium for BioScience CT Builders Risk Water Infiltration \$50,000.

5. Any Other Matters to Properly Come Before the Board

Ms. Cirish will distribute an updated list of Board members to reflect the new appointments.

Ms. Cirish explained that the Board is subject to the Sunset Review law. She is working with DAS' legal counsel to come up with a justification to continue the Board's existence. She will email the Board with the final document.

6. Date and Location of Next Meeting

The next Board meeting is scheduled for Tuesday, December 10, 2013. The meeting will be held at the Board of Regents for Higher Education.

7. Motion to Adjourn

It was moved by Mr. Broomall, seconded by Mr. Fontana and unanimously

VOTED: The meeting be adjourned. The meeting adjourned at 11:49 A.M.